

Social Security

**Accountability Report
For Fiscal Year 1998**



Foreword

We are proud to issue our fourth Accountability Report covering FY 1998 performance. The Accountability Report, authorized by the Office of Management and Budget, consolidates the mandatory reporting requirements of the Chief Financial Officers Act, Government Performance and Results Act (GPRA), Prompt Payment Act, Debt Collection Act and the Federal Managers' Financial Integrity Act. Also included are the Office of the Inspector General (OIG) Inspector General's Report to Congress and the Social Security Administration's (SSA) Management Report on Final Action to OIG recommendations. In addition, we have incorporated the reporting requirements of Section 206(g) of the Social Security Independence and Program Improvements Act.

The program and financial performance information presented in this report covers all the programs administered by SSA. The Management Discussion and Analysis provides retrospective, as well as prospective, information that is relevant to SSA and its stakeholders. A number of key issues that will impact our future operations such as program solvency and Year 2000 computer readiness are discussed in the "Major Issues Facing SSA" section. The Management Discussion and Analysis also includes the "Performance Goals and Results" section that discusses the Agency's five strategic goals and key performance measures used to gauge our success in meeting these strategic goals. This section graphically presents trend data for key performance measures as well as the Agency's ability to meet targeted performance.

Following the Management Discussion and Analysis section are the Agency's audited financial statements and footnotes that received an unqualified opinion from the independent accounting firm PricewaterhouseCoopers. Next, additional detailed program and financial information is discussed. The report concludes with the auditor's opinion on SSA's financial statements, report on SSA's assertion on internal controls, report on SSA's compliance with laws and regulations and the OIG's Report to Congress.

SSA's FY 1998 GPRA Performance Report is provided on pages 60 through 69. It contains actual performance against performance targets included in SSA's FY 1999 Annual Performance Plan.

SSA's Accountability Report and other information about the Social Security programs are available through the Internet on SSA's home page at <http://www.ssa.gov>. The SSA homepage is updated on an ongoing basis with current information relating to the Social Security programs and our administration of these programs.



SOCIAL SECURITY

A Message From the Commissioner

I am pleased to present SSA's Accountability Report for Fiscal Year (FY) 1998. The Report provides a complete picture of SSA's program performance and financial accountability in meeting its mission and strategic goals. The Report also provides information on SSA's progress in achieving those goals and demonstrates strong stewardship and accountability in administering the Social Security programs.

During FY 1998, SSA made great strides in addressing the priorities I established as Commissioner: education on the long-term solvency of the Social Security program; assuring program integrity; providing responsive service and guaranteeing equity for all claimants and beneficiaries; strengthening our long-range planning and improving our policy making process. We continue to take a proactive role in educating the American public about Social Security so they will be prepared to take an active role in discussions about the future of the program.



I am also pleased to report that this is the fifth consecutive year SSA's financial statements have received an unqualified opinion. Furthermore, the auditors found that management's assertion on SSA's compliance with the Office of Management and Budget's accounting and internal control objectives is fairly stated in all material respects. In addition, some of the reportable conditions from FY 1997 are no longer identified as reportable conditions in FY 1998 and the auditors also observed that noteworthy progress was made in addressing the remaining ones. While improvements have been made in the internal control area, we recognize that more needs to be done and are committed to strengthening these remaining areas as soon as possible.

SSA is considered by the public to be among the most responsive public service agencies in Government. SSA's toll-free-800 number, which celebrated its tenth anniversary recently, is one of the world's largest 800-number networks. We are committed to providing fair and equitable service to all of our customers whether they are among the 72 million Americans who phone our toll-free-800 number each year, the 26 million who walk into our field offices annually, or the growing number of people seeking information through the Internet. We strive to serve our customers quickly, accurately, and in ways they find most convenient.

During FY 1998, SSA was at the forefront of Government and private organizations dealing with Year 2000 computer issues. Fueled by the foresight and diligent work of our employees, SSA received an A from the House Subcommittee on Government Management, Information and Technology for its efforts to ensure that services are not interrupted and most importantly, that benefit payments will continue timely at the turn of the century. In addition, during 1998 SSA was selected as a recipient of the John N. Sturdivant National Partnership Award in recognition of our accomplishments in union-management relations.

Throughout its 63-year history, Social Security has made a difference in the lives of Americans, young and old. SSA has an obligation not only to strengthen the program's financial outlook in the 21st century, but to be responsible and careful stewards of our programs today. We have set ambitious goals for ourselves and we will do everything we can to achieve them. SSA is prepared to meet the challenges of the future and to serve the American people as responsible stewards of this important public trust.

A handwritten signature in black ink that reads "Kenneth S. Apfel". The signature is written in a cursive, slightly slanted style.

Kenneth S. Apfel
Commissioner
of Social Security



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Ten-Year Summary of Financial Highlights..

For the Fiscal Years Ended September 30, (Dollars in Billions, except for unit costs)	1989	1990	1991	1992
Assets				
Investments	\$157.0	\$215.2	\$268.7	\$319.4
Total Assets	163.5	223.0	278.4	329.2
Financing Sources				
Tax Revenues	\$268.2	\$286.7	\$299.3	\$308.2
Interest Income	11.5	17.1	21.1	24.6
Total Exchange Revenue and Financing Sources	303.0	326.0	346.1	363.5
Outlays				
Benefit				
OASI	\$204.6	\$219.0	\$236.1	\$251.3
DI	22.5	24.3	26.9	30.4
SSI	11.4	11.5	14.6	17.9
Administrative	4.0	3.9	4.3	4.9
Ratios				
Return on Trust Fund Investments	10.3%	10.3%	9.5%	9.0%
Long Range OASDI Actuarial Deficit as a Percentage of Taxable Payroll	.70%	.91%	1.08%	1.46%
Administrative Outlays as % of Benefit Outlays	1.7%	1.5%	1.6%	1.6%
% Change in SSA's Overall Productivity	5.5%	(2.4%)	(2.1%)	9.7%
Number of Beneficiaries (In Millions)*				
OASI	34.9	35.4	36.0	36.5
DI	4.1	4.2	4.4	4.8
SSI	4.6	4.8	5.0	5.5
Unit Costs (Current Dollars)				
Issue SSNs	\$12.94	\$11.51	\$12.11	\$12.16
Process Annual Wage Reports	.60	.50	.49	.53
Issue Earnings Statements**	5.22	5.26	4.83	4.16
Process Initial Claims (Overall Average)	471.73	451.38	460.51	447.46
Maintain Benefit Rolls (Overall Average Per Work Unit)	23.21	23.09	20.17	19.06
Provide Due Process (Overall Average)	872.75	880.83	889.75	741.02
Cost to Collect \$1	NA	.13	.13	.13

* Includes individuals receiving benefits from more than one program.

** SSA began issuing legislatively mandated SIPEBES in FY 1995; those costs are reflected in the FY 1995-1998 unit costs.



1993	1994	1995	1996	1997	1998
\$365.7 376.4	\$419.5 450.1	\$483.2 499.1	\$549.5 565.9	\$631.0 648.6	\$730.3 748.6
\$316.5 27.4 378.0	\$340.8 30.1 407.9	\$356.2 34.2 427.4	\$381.2 37.6 449.5	\$405.3 42.5 477.4	\$432.0 48.0 510.8
\$264.6 33.6 21.0 5.2	\$276.3 36.8 24.2 5.4	\$288.6 40.2 24.5 5.7	\$300.0 43.2 24.3 5.6	\$312.9 45.4 26.5 6.2	\$324.3 47.7 27.4 6.7
9.0%	8.1%	8.0%	7.7%	6.7%	7.3%
1.46% 1.6% 7.5%	2.13% 1.6% 2.1%	2.17% 1.6% 5.2%	2.19% 1.5% 2.3%	2.23% 1.6% 2.2%	2.19% 1.7% 7.4%
36.9 5.2 5.9	37.2 5.5 6.2	37.5 5.8 6.5	37.6 6.0 6.6	37.8 6.1 6.6	37.9 6.3 6.6
\$ 12.27 .56 4.21 414.81	\$12.68 .62 4.97 417.58	\$12.53 .57 1.80 388.87	\$13.65 .49 2.14 385.28	\$14.75 .42 1.83 398.04	\$14.01 .35 .89 367.23
16.86 658.84 .13	16.31 684.36 .13	16.49 707.61 .13	17.12 754.97 .12	19.16 772.77 .09	19.85 784.54 .11